"A Study of Utilization of Financial Subsidies in Agriculture Sector in Nanded District"

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1) Introduction:

Indian Government play vital role in agriculture sector development. This vital role can take a number of forms such as import-export policies and domestic policies like price support programmes, direct payments, and input subsidies to influence the cost and availability of farm inputs like credit, fertilizers, seeds, irrigation water, Agriculture is one of the economic sectors where subsidies are the most important. On the recommendations of food grain price committee (Jha Committee), the Government of India started the scheme of subsidies on purchase of various agriculture inputs to facilitate the farmers (Surendar, 1994) .Subsidies on inputs have their origin in Green revolution. That time extensive subsidies were given on Hybrid seeds, Fertilizers, pesticides etc. The every years government of India spends lot of money in various agriculture subsidies for growth of agriculture sector. In India in last few years the rate of government subsidy has evenly grown up to 55-60% on an average.[i] An agricultural subsidy is a governmental subsidy paid to farmers and agribusinesses to supplement their income, manage the supply of agricultural commodities, and influence the cost and supply of such commodities. The basic objective of agriculture sector is to increase standard of living of farmers .Agriculture subsidy makes positive impact on agriculture sector in India.

Various benefits are cited in justifying Agriculture subsidies: economic, environmental and societal. Agricultural subsidies can bring economic benefits to society. Inputs like fertilizers, pesticides, irrigation water and electricity have a major share in agricultural subsidies in India and fertilizer subsidy has attracted much attention of policymakers, and researchers in the recent years. The main idea of Financial subsidy is to encourage farmers to use

inputs which otherwise help in raise productivity, reduce cost, lower the environmental problems and improve the market directions.

In India, at present, centre as well as state governments is providing subsidies on fertilizers, irrigation, electricity and other subsidies to marginal farmers and farmers' cooperative societies in the form of seeds, development of oilseeds, pulses, cotton, rice, maize and crop insurance schemes and price support schemes etc. Provision of financial subsidies in agriculture has been recommended on the ground that it gives incentives to the farmers to use new technology and increases agricultural production. At present, the central government pays subsidies to the farmers on the purchase of fertilizers. Fertilizers are an important component of agricultural technology. Currently NABARD is administering the subsidy under various schemes of Government of India.

2) What is Agriculture Subsidy?

Agriculture Subsidy is an incentive given to the farmers to promote agricultural production by way of inputs such as plants, seeds, fertilizers, pesticides and modern appliances which may be direct or indirect. An agricultural subsidy is a governmental subsidy paid to farmers and agri businesses to supplement their income, manage the supply of agricultural commodities, and influence the cost and supply of such commodities. ii Subsidies can be granted through distribution of inputs at prices that are less than the standard market price for these inputs. The magnitude of subsidies will therefore be equal to the difference between the two prices for per unit of input distributed. Nearly 54 % of the people in India are still dependent on agriculture sector. The subsidies to agricultural sector provided by the government have recorded phenomenal rise during the past two decades. In general, agricultural input subsidies are used to enhance the efficiency of input usage, production and also profitability of farming and to deal with problems in input usage from

farmer's lack of technological knowledge on the effective use of agricultural inputs and lack of financial understanding of the probable returns to their efficient use of agricultural inputs Agricultural subsidies are given in several forms. Fertilizer subsidies come through the system of retention prices provided to the fertilizer producers. Another important kind of subsidy is institutional credit. Agricultural credit has remained the major emphasis of the agriculture policy in India, and the agricultural sector has been prioritized for lending by the banks. High yielding seeds can be provided by the government at low prices. The research and development activities needed to produce such productive seeds are also undertaken by the government, the expenditure on these is a sort of subsidy granted to the farmers

3) Nanded district overview:

Nanded is one of the historical places in the Marathwada region of the Maharashtra State. It is situated on the north bank of the Godavari River. Nanded district borders Latur and Parbhani districts to the West and Yavatmal district to the North. The district of Nanded is located 18°.15′ and 19°.55′ North latitude and 77°.7′ to 78°.15′ East longitude. The district has a geographical area of 10528 Sq. Kms1. It is surrounded by Yavatmal District, in the North by Parbhani, Latur and Osmanabad districts, in the West by Bidar district of Karnataka State and in the South by Nizamabad and Adilabad districts of Andhra Pradesh in the East. The district can be divided into 2 major parts, the hilly region on the North and North East and low-lying area on the banks of the rivers Godavari, Manjra, Manyad, Penganga etc.

According to the 2011 Census Nanded district has a population of 3,356,566, iii roughly equal to the nation of Uruguay or the US state of Connecticut. It ranks of 99th in India (out of a total of 640). The district has a population density of 319 inhabitants per square kilometre (830/sq mi). Its

[1] www.wikipedia.com.

population growth rate over the decade 2001-2011 was 16.7%. It has a sex ratio of 937 females for every 1000 males, and a literacy rate of 76.94%. (Nanded District Census 2011 Data)

Jowar, Cotton, Pulses and Sugarcane are the main crops in the district. Agriculture Department of the Zilla Parishad in promoting cultivation of high yielding crops

4) Review of literature:

The Agriculture subsidy is very important for growth of agriculture sector in India. Many persons have presented their views on agriculture subsidies in national & international level through research papers & books.

(V.a.thorat, 1986) Authors studied the impact of subsidy on financial burden & employment and income. The study was based on data collected by authors in Kokan region of Maharashtra. Authors found that income of mango growers who availed the subsidy, increased by more than three times to their counterparts who had not availed the subsidy.

(Kaur, 2012)Authors concluded that there is a positive impact of agriculture subsidies on the income of farmers. It is observed that the cost of production is declined as they have to pay less amount on purchase of fertilizers where as they are getting electricity and canal water free of cost.

(V.K.Sharma, 1982) Studied the impact of agricultural subsidies on national income and agricultural production. For this purpose the author used the time period from 1970 -71 to 1981-82 and a general equilibrium model. The study revealed that during this period, agricultural subsidies affected the national income and agriculture production positively.

(Dr-solunkhe, march 2015) Studied the impact of government subsidies on agriculture sector in Jalgaon district. Author concluded that the Government subsidy helps to farmers for reducing their cost of production.

5) Importance of study:

Agriculture sector is undoubtedly most important sector of Indian economy as it provides employment to 54.6% of people and food security of India revolves around this sector. Consistent with the trends of economic development at national level, role of agricultural sector in the state economies is also changing rapidly. Despite declining share of agriculture in the economy, majority of workforce continue to depend on agricultural sector for employment and in rural areas dependence on agriculture is more as nearly 75 percent of rural population is employed in agricultural sector. Its importance can be gauged by the fact that whenever there is fear of deficit monsoon, whole of the population ranging from farmers, workers, businessmen, policy makers and even foreign investors are caught into nervousness. There is close relation between agriculture sector and the whole national economy. India's agricultural sector is more dependent on input subsidies than that of the other large emerging economies. Agriculture is one of the economic sectors where subsidies are the most important. This study is related with agriculture subsidies and its utilisation in agriculture sector so this will be beneficial to all farmers.

6) Objective of study:

- To study nature of financial subsidy in agricultural Sector.
- To study Types of agriculture subsidies and distribution criteria.
- To study utilisation of the financial subsidies in agricultural sector in Nanded District.
- To assess the share of small farmers in total amount of Subsidies Utilized.

7) Hypothesis of study

- There is unequal distribution of agriculture subsidies among different category of farmers.
- The utilisation of agriculture subsidies by small farmer is high compared to other category of farmers.
- Subsidies in Agriculture sector is not reaching to Farmers within Times.

8) Research methodology:

Data are the base for each and every research without data any research cannot be started. Data for proposed research will be collected from primary and secondary sources

8.1 Primary data

Primary data Will be collected from farmers by administering a pre designed Schedule, Questionnaires, personal interviews and observations method Will be used for collection of primary data in Nanded district.

8.2 Secondary Data

The secondary data are the data already collected for a specific purpose and now made use of it for another purpose. Secondary data will be collected through magazine, newspapers, government site.

8.3 Sample Selection

Nanded is the District of Maharashtra state and comes under the Marathwada Region. Researcher will choose rural area of Nanded District. Researcher will take 600 sample farmers from various Tahsils of Nanded District through convenient sampling method.

8.4 statistical tools

For testing the hypothesis researcher will use statistical measures like mean, median, mode, percentile, correlation, regression, standard deviation, variance, ratio etc.

9) Scope and Limitations of Study:

This study is related with utilisation of financial subsidies in agriculture sector so This will be beneficial to all farmers .this research will help to increase knowledge and awareness about different schemes of agricultural subsidies among farmers. When agricultural productivity will increase due to agricultural subsidies. This will be helpful in improve standard of living Farmers in Nanded District.

This study also will be helpful to the Government to make scheme regarding agriculture subsidy for farmers.

The Proposed Research has geographical limit i.e. Nanded District due to lack of resources.

The area of Nanded District is very vast. It is not possible to select each farmer for survey; hence 600 farmers will be selected for study.

The period 2017 to 2018 is considered for study. With the above limitations study will be completed.

10) Chapter scheme:

Proposed study will be divided into six chapters.

1) **Introduction.**
2) **Research methodology of the study.**
3) **Review of literature.**
4) **Govt. Subsidies for agricultural sector.**
5) **Data analysis.**
6) **Finding, conclusion and suggestion.**

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